

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ITEM FOR INFORMATION

Subject: Alternative Asset Commitments

Background and Summary: Under a May 1994 Request for Action, the university may commit to follow-on investments in a new fund sponsored by a previously approved partnership, provided the fund has the same investment strategy and core investment personnel as the prior fund.

Pursuant to that policy, this item reports on the university's follow-on investments with the previously approved partnerships listed below.

Absolute Return Commitments

Lake Whillans Fund II L.P., a Dallas, TX, based litigation funding strategy, will provide funding for commercial litigation involving breach of contract, trade secret misappropriation and insurance subrogation. In exchange for its investment, the fund receives its return in the form of proceeds from successful cases. In some instances, the investee company would otherwise be unable to exercise its legal rights without outside funding. The risk of this strategy lies solely in Lake Whillans' ability to properly underwrite the merits of the cases in which it invests. The strategy will be diversifying for the portfolio in that the returns are almost entirely independent of movements in the capital markets.

In November 2021, the university committed \$50 million to Lake Whillans Fund II L.P.

Alternative Asset Commitments

Technology Crossover Ventures, a venture capital fund with offices in Palo Alto, CA, London, United Kingdom, and New York, NY, invests in expansion and late-stage technology companies. TCV, as an active long-term investor, stays involved with its portfolio companies through their initial public offerings and beyond in select cases. Within technology, TCV focuses on businesses in the internet, software, infrastructure, and services sectors.

In September and October 2021, the university committed up to \$25 million to two Technology Crossover Ventures sponsored investments.

Summa Equity, a Stockholm, Sweden, and Oslo, Norway, based private equity fund will invest in private mid-market companies in the Nordic region. Each partner has a sector specialization, which allows the firm to take a thematic investment approach and facilitates deal sourcing on a proprietary basis. The investment themes of particular interest to Summa include resource scarcity, energy efficiency, healthcare-related to changing demographics, and technology-enabled businesses.

In October 2021, the university committed up to €65 million to a Summa Equity-sponsored investment.

General Catalyst, a Cambridge, MA, and San Francisco, CA, based venture capital firm, targets investments in information technology companies, focusing on defined themes including emerging platforms, the changing nature of work, digital health, and finding value in data. The firm will seek to invest in companies that can disrupt markets and industries poised for significant change. General Catalyst invests at all stages of a company's growth cycle.

In October 2021, the university committed up to \$75 million to four General Catalyst-sponsored investments.

Eclipse Venture Capital, is a Palo Alto, CA, based venture capital firm that will make equity investments in early-stage U.S.-based technology startups. Targeted companies will be hardware and core technology companies domiciled or with substantial operations in the United States, Canada, and Israel. Areas of investment focus will typically be in sectors where the investment team has prior experience. The primary area of focus will be hardware solutions, which Eclipse Ventures believes remains an essential factor in developing important businesses.

In October 2021, the university committed up to \$50 million to an Eclipse Ventures-sponsored investment.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Geoffrey S. Chatas', with a long horizontal flourish extending to the right.

Geoffrey S. Chatas
Executive Vice President and
Chief Financial Officer

February 2022